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Moulding the Corporate Social Responsibility Agenda in Singapore

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Companies today must look beyond simply making a profit and be mindful of the non-economic impact of their operations. No longer the domain of big companies where it was equated with philanthropy, corporate social responsibility (CSR) is now part of the triple bottom-line. Businesses, big and small, must take into account the interest of 'stakeholders', not just 'shareholders'. Singapore Management University law professor Eugene Tan, author of a working paper on the state of corporate social responsibility in Singapore, states: "CSR is very much an intrinsic part of the corporate landscape today, and any company not giving it the priority it deserves is out of touch with an increasingly important development."

In Singapore where small and medium-sized enterprises (SMEs) make up 92% of all firms, account for 51% of the workforce and 34% of gross domestic product, SMEs as well as larger companies have a significant role to play in addressing CSR priorities.

Whether publicly listed or privately held, all businesses have to take into account not just the financial bottom-line, but also their responsibilities to employees, shareholders, consumers, business partners and the communities in which they operate. "It is a responsibility that goes beyond the borders for companies involved in overseas business. Such companies would do well to track global CSR trends that can impinge on their exports," Tan said.

Role of Government

In Singapore, the state has taken on the role of promoter and practitioner of CSR, a logical development in view of the dominant role of the government in the local economy, stated Tan in his paper.

The global economic imperative is another reason for the state to take the lead in managing the CSR agenda for Singapore. "CSR issues can become complex when they acquire an international dimension. This may require government-to-government intervention, negotiations and dealings. An example can be seen with environmental issues, say green manufacturing processes, which may initially be allied with CSR, but may well escalate into mandatory standards that Singapore factories must adopt before their products can be exported," he said.

Tan believes that Singapore stands out for its unique tripartite approach involving the government, private sector and labour movement in driving the CSR agenda. In May 2004, the National Tripartite Committee on CSR was established to study the issues holistically and address any gaps at the national level. The tripartite initiative provides strategic direction and overall coordination for various CSR programmes, which including help SMEs adopt good CSR practices. In January 2005, the Singapore Compact for Corporate Social Responsibility was set up to provide a forum for collaboration, support and information sharing on good CSR practices.

So far Singapore has refrained from adopting a legislative framework on CSR. According to Tan, the state prefers to use persuasion in accord with Singapore's political and cultural values which emphasise ethical leadership and the promotion of social responsibility, cohesion and stability in a multiracial and multilingual society. It is evident that in Singapore the CSR movement is an initiative of the state acting in partnership with the business sector, he emphasised.

Status of CSR

There is no common definition of the term and CSR is interpreted in all-encompassing manner, added Tan. Beyond traditional corporate philanthropy, CSR embraces corporate governance, environmental protection, community engagement and labour issues such as work-life balance and employment of older workers, all factors that contribute to Singapore's reputation as a business hub.

Touching on a need for a balanced approach towards CSR, Tan said that the push for CSR has been dominated by the business case for it, but there does not seem to be any discussion on cost and other implications for companies embracing a CSR agenda. The paper also points out that "While the state has been encouraging in its support of CSR, it should be noted that CSR has a somewhat ambivalent, if not patchy, presence in Singapore". To illustrate, Tan quoted a speech by Minister of State for Defence and Chairman, Spring Singapore, Cedric Foo in 2004: "There are various stakeholders advocating different areas of CSR. For example, NTUC (National Trades Union Congress) advocates CSR from a workers' perspective while the Consumers Association of Singapore (CASE) promotes CSR from a consumer protection perspective. The Singapore National Employers and Business federations (SNEF and SBF) and other chambers promote various CSR-related programmes to their members. The Ministry of Finance and the Monetary Authority of Singapore advocate CSR from a corporate governance perspective."

Tan cited a 2005 study of CSR in seven Asian countries (India, Indonesia, Malaysia, the Philippines, South Korea and Thailand) by Wendy Chapple and Jeremy Moon which noted the relatively low level of CSR penetration in Singapore, despite having the highest level of economic and social development compared to the rest. The study suggested that the government's heavy investment in areas such as education and environmental protection has obviated the need for Singapore companies to be involved in such CSR activities. Interestingly, Singapore Management University is the only tertiary institution in the country which requires students to take a core course on ethics and social responsibility.

Nevertheless, Tan noted that, although there is little debate on the scope and implications of CSR for business and its stakeholders, CSR does have a presence in Singapore. "What is evident is that CSR is conceived as a sound business approach that helps companies make money while doing good. This is in line with the communitarian ethos espoused by Singapore's political leadership. Such a philosophy is also in sync with Singapore's conception as a stakeholder society," he said.

Greater consumer sophistication, awareness and expectations have made CSR an issue that Singapore companies cannot afford to ignore. Furthermore, Tan believes that CSR can widen a company's understanding of potential risks and opportunities while securing the benefits that come with enhanced reputation, improved relationships with key stakeholders, and better financial results through CSR's contribution to innovation, investment, enterprise and competition.

Different Dimensions

At a local level, companies are at liberty to look at a whole slew of opportunities in their CSR drive. Taking the broad agenda associated with CSR, some local SMEs have been active in a number of ways. Besides giving outright donations to charity, they are incorporating work-life balance, promoting healthy lifestyles and redesigning jobs to cater to the disabled or senior citizens. "With more resources, multinationals are also visible with their own global CSR agenda, such as the nature theme of HSBC, and the healthy lifestyle and AIDS education programmes by Standard Chartered Bank," said Tan.

CSR in Singapore will increasingly take on an international dimension as more local companies export their products and services and expand overseas. Increasingly, they will need to come to grips with CSR issues that are of importance to the global marketplace and which will impact upon their international operations.

Recent developments

Tan cautioned that companies with a CSR agenda, however, should not confuse their efforts with social enterprises. The latter are businesses set up and committed to ploughing their profits back into promoting specific causes, such as helping to provide employment for the disabled, former prisoners or older workers. Nevertheless, the Singapore government is keen to have businesses involved in the development of local social enterprises as well.

He cited a 2006 speech by Minister of State for Community Development, Youth and Sports, Yu-Foo Yee Shoon, which captured the government's position on promoting social enterprises: "Corporations and businesses can offer expertise, resources and connections to assist the budding social entrepreneur. We encourage successful business people to come forward to share business practices from financial management to corporate governance, marketing and branding."


Towards this end, a high-level 15-member Social Enterprise Committee led by Spring Singapore's chairman Philip Yeo, recently announced wide-ranging recommendations to help social enterprises succeed. Among other recommendations, it is seeking more funding from the ComCare Enterprise Fund. Another recent development is the launch of a diploma course on social enterprise management by Ngee Ann Polytechnic.


Tan drew attention to Singapore's growing profile in the environmental arena. Having overcome initial misgivings about whether Kyoto Protocol targets on greenhouse gas emissions could affect economic growth, the government is set to make Singapore an R&D hub for environmental and water technology in Asia. While the decision has been prompted by economic dictates, Singapore is attracted by the opportunity to pool resources with overseas investors in becoming a hotbed for developing solutions in the renewable energy and water technology sectors.

A possible setback to the local CSR scene occurred in 2005 when the top management and board of directors of the National Kidney Foundation were found guilty of mishandling funds and removed. While Tan was of the view that corporate governance is not strictly CSR, corporate governance is, nevertheless, being promoted and understood as one of the pillars of CSR in Singapore. The scandal resulted in stricter measures being put in place to ensure better corporate governance of charities. In part, this was to reclaim the public's trust and support for charities and charitable causes in Singapore without excessive regulation and legislation.

In a nutshell, the government views CSR as a collaborative effort between labour, business and the state, and one that resonates well with the high standards of governance and social cohesion in Singapore. "For the moment, the government's approach is to encourage and highlight CSR best practices. In the short-term, the government may move to incentivise the adoption and reporting of CSR. It may also provide financial incentives. What is certain,

however, is that it would take a light-touch towards managing the CSR movement,” concludes Tan.

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